What These Findings Mean

Medical device costs are a large component of health care spending, and the industry makes substantial payments to physicians. These device payments are larger than pharmaceutical industry payments, and most hospitals have affiliated physicians receiving device payments. Results from this study establish a positive association between payments to physicians and sales to hospitals and, to the extent that there is meaningful quality variation in the product categories analyzed, suggest that payments may be correlated with suboptimal quality. While the study does not find evidence of the most concerning behaviors highlighted in the news media – e.g., of payments raising prices or leading to unnecessary procedures, or of payment effects being driven by lucrative speaking, consulting, or ownership relationships – they do suggest that industry payments merit further study. It will be important to understand the close relationships between device manufacturers and physicians and to balance any policy interventions with the potential benefits that come from shared expertise in product development and use.

More About This Study

This study combined 2014-2017 data on medical device industry payments to physicians with data on hospital medical device purchases. The analyses focused on ten commonly-used devices and 933 hospitals that had purchased these devices. Regressions explored the associations between industry payments and the value of device sales made by the firm to the hospital, the quantity of devices purchased, the average unit price paid, and the firm’s market share of the hospital’s device purchases. Payments in the form of meals, training, consulting fees and ownership benefits were considered separately. An additional event analysis isolated the associations when payments to a hospital increased dramatically. Finally, examination of the extent to which purchasing decisions deviated from those of top teaching hospitals whose physicians received lower industry payments explored whether industry payments are associated with suboptimal purchasing by hospitals.


For more information about this study, contact Dr. Matthew Grennan at mgrennan@berkeley.edu. For more information about the NIHCM Foundation Investigator-Initiated Research Grant Program, contact Cait Ellis at cellis@nihcm.org.